



# City of San Antonio

## Agenda Memorandum

**File Number:**21-2044

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**Agenda Item Number:** 5.

**Agenda Date:** 4/1/2021

**In Control:** City Council A Session

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**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

### **SUBJECT:**

Contract Extension for Corporate Purchasing Card Services

### **SUMMARY:**

This ordinance authorizes the second and final renewal option of a contract with Wells Fargo Bank to provide corporate purchasing card services. Approval of this ordinance will extend the contract for an additional two-year period beginning July 1, 2021 and ending June 30, 2023. The contract is expected to generate \$70,000 in revenue annually for the Purchasing and General Services Fund.

### **BACKGROUND INFORMATION:**

On June 19, 2014, City Council Ordinance 2014-06-19-0445 approved a contract with Wells Fargo Bank to provide corporate purchasing card services for an initial term of five (5) years beginning July 1, 2014 and ending June 30, 2019 with the option to extend for two (2), two (2) year renewal terms. On March 7, 2019, City Council Ordinance 2019-03-07-0170 approved the first two (2) year renewal term beginning July 1, 2019 and ending June 30, 2021. The City established a Corporate Purchasing Card Program to streamline the purchasing process for small dollar, non-contract, and non-biddable purchases. The purchasing card program also provides a process for making emergency purchases as needed, to include Emergency Operations Center cards, which are only activated for an emergency.

Since inception of the contract in 2014, Wells Fargo Bank has provided reliable and timely customer service to the City for corporate purchasing card services. Wells Fargo Bank proactively monitors card transactions for fraudulent activity and quickly notifies the City when fraud is suspected. The issuance of new cards is tightly

controlled, and all card transactions are reviewed and reconciled on a monthly basis. The contract also provides for revenue share where the City is paid a percentage of the annual card spend. Through the first six years of this contract, the City has received a total of \$382,013.43 in revenue sharing.

#### **ISSUE:**

The current contract renewal with Wells Fargo Bank expires on June 30, 2021 with the option to renew for a two (2) year renewal term subject to City Council approval. This ordinance would authorize the second and final renewal option for Wells Fargo Bank to continue to provide corporate purchasing card services to the City through June 30, 2023.

#### **ALTERNATIVES:**

The City may choose not to renew this contract and instead issue a Request for Proposals (RFP) for corporate purchasing card services. If a new vendor is selected, the City would have to reissue approximately 420 purchasing cards and retrain staff across the City on using a new banking system. Alternatively, the City Council may elect to eliminate the Corporate Purchasing Card Program, requiring City staff to facilitate the purchase of items under \$3,000.00, that are not on contract or not biddable, through other established payment methods which are not as streamlined as the purchasing card process.

#### **FISCAL IMPACT:**

Approval of this ordinance authorizes the second and final renewal option of a contract with Wells Fargo Bank to provide corporate purchasing card services extending the contract an additional two years beginning July 1, 2021 and ending June 30, 2023. The contract is expected to generate \$70,000 in revenue annually for the Purchasing and General Services Fund.

#### **RECOMMENDATION:**

Staff recommends approval of exercising the second and final two-year contract renewal for Corporate Purchasing Card Services with Wells Fargo Bank.